

# **New Jersey Public Broadcasting Authority**

## **Meeting of the Board of Commissioners**

July 28, 2010 1:00 p.m.

New Jersey Network

25 South Stockton Street

Trenton, New Jersey

## **MINUTES**

Kent Manahan, Chair, Presiding

NJPBA Two Hundred Fifty-third Meeting

### **I. Call to Order, Open Public Meeting Notice, *Kent Manahan, Chair, NJPBA***

Kent Manahan, Chair called the meeting to order. Ms. Manahan read the Open Public Meetings Act statement as follow: In accordance with the provisions of the Open Public Meetings Act of the State of New Jersey, notice of this meeting was filed with the Office of the Secretary of State, posted on the appropriate bulletin boards maintained for such purposes by the Authority, and distributed by press release to daily newspapers in New Jersey.

Ms. Manahan then requested a roll call. Commissioners present and participating at the meeting were Kent Manahan, Chair; Dr. Steven Fiske,(via phone); Scott Kobler (via phone); Phyllis Salowe-Kaye; Roger Jacobs (via phone); Marshall Jones; Steve Petrecca, Department of the Treasury (on behalf of State Treasurer Andrew Sidamon-Eristoff); Betty Lou DeCroce, Assistant Commissioner, Department of Community Affairs, on behalf of Commissioner, Lori Grifa); Paul Loriquet, Attorney General's Office (on behalf of Commissioner, Paula Dow) (via phone). Also participating were Aimee Manocchio Nason, Deputy Attorney General; Maura Tully, Assistant Counsel, Governor's Authority Unit (via phone); Howard Blumenthal, NJPBA Interim Executive Director; Janice Selinger, Acting Chief Operating Officer, Sam Braun, NJPBA Controller; Beatrice Jones, NJPBA Financial Manager; Ronnie Weyl, Robert Smartt. Several staff members: Judy Goetz (taking minutes), John Blair, Andre Butts, Jill Hargrave, Roseanne Butterfield, Bruce Wortmann, Brenda Scott, Michael Aron, Laurel Spira, Mary Kate Maloney, Kathy Budd, Steven Datkowitz, Bob Anderson, Cindy Carpenter, Jim Hooker, Michell Basalik, Kathi Beck, Janet McGuire, Eileen Mastrogiovanni, Eileen Gallagher, Jeff Hamer, Patti Mondelli, Ed Rodgers, Janet Scannella, Michael Mastandrea, Jill Kopen and Dave Preston.

## II. APPROVAL OF MINUTES – March 26, 2010 & June 1, 2010

Steve Petrecca made a motion to approve the minutes of the March 26, 2010 Board meeting. Marshall Jones seconded the motion. The motion was approved unanimously with one abstention, Betty Lou DeCroce.

Phyllis Salowe-Kaye made a motion to approve the minutes of the April 28, 2010 Board meeting. Steve Petrecca seconded the motion. The motion was approved unanimously with one abstention, Scott Kobler.

Steve Petrecca made a motion to approve the minutes of the June 1, 2010 Board meeting. Marshall Jones seconded the motion. The motion was approved unanimously with one abstention, Betty Lou DeCroce.

## III. ELECTION OF OFFICERS

Mr. Kobler reported that the Nominating Committee, consisting of Scott Kobler, Roger Jacobs and Marshall Jones propose the Board approve the same slate of officers which are currently in office.

Kent Manahan, Chair

Steve Fiske, First Vice Chair

Phyllis Salowe-Kaye, Second Vice Chair

Stephanie Hoopes Halpin – Treasurer

Mr. Kobler asked for a motion to approve that report. Ms. DeCroce made the motion to approve the Nominating Committee's report. Mr. Petrecca seconded the motion. The motion carried unanimously.

## IV. DISCUSSION ON THE NJN NETWORK NEWS STANDARDS AND PRACTICES

The NJN Network News Standards and Practices document has been around for awhile the last time it was revised was in 2003. Mr. Blumenthal made some changes (marked in bold) incorporating the internet.

Michael Aron, NJN Acting Director of News and Public Affairs stated that this document has been used since 1987 and it was never been adopted by the Board. It all makes a lot of sense. Some staff members have some concerns about possible interpretations of some long existing language. Mr. Aron requested the Board hold on any action on this document until he and Mr. Blumenthal have time to review it.

Ms. Manahan suggested formation of a committee of Board members to review and study this before the Board would take a vote on this.

Ms. Selinger stated that in addition to this, there is the CPB Statement of Principles of Editorial Integrity in Public Broadcasting that need to be adopted and they should be included in the review of the Committee for a future vote.

V. CHAIRMAN'S REPORT, *Kent Manahan*

Ms. Manahan said we have two resolutions to approve today and we are on a tight time schedule so she would like to move the meeting along.

VI. INTERIM EXECUTIVE DIRECTOR'S REPORT, *Howard Blumenthal*

Mr. Blumenthal stated that his report is about where NJN is now, where we are going and what we need to do for viewers.

Overall television viewership has been relatively steady. Cable television has eaten half of broadcast television's audience. Public television has gone from 60 million viewers to 30 million. This is just where we are in the industry right now. There's a lot of talk about internet but most activity now is still on television, and mostly commercial television. Only 6% is public television.

Because NJN is a beta station, we get even lower ratings than PBS and because we don't have much in prime time that is original and unique to NJN our ratings are even lower. We are actually competing with stations like Animal Planet. We compare to a very small cable network.

North Jersey viewership has gone up, South Jersey viewership has gone down. Membership revenue and state investment is on the way down. We need to figure out where we are going next, what we are here for, if we are showing the same programs as WNET and WHYY, we need to find a way to differentiate.

How do we differentiate, emphasis on stories in New Jersey. That is our brand. A change in thinking. In the commercial world, they think in terms of New York City and Philadelphia, we think in terms of New Jersey and the region. NJN is one of the largest public television station in the country and we cover 1 in 11 households. The problem is we are showing the same stuff everyone else is. This is where we were, we need to understand where to go.

WNET relies very heavily on PBS programming. WHYY a little less. NJN does much more original programming than WNET or WHYY and we should because that is what differentiates us. In FY 2010 NJN did 277 hours of News and Public Affairs programming. This dominates our programming. This is a good decision, the right decision and we shouldn't challenge that decision. The problem is that network news has lost about half of its audience. People are simply using other sources. NJN News

and Public Affairs has the highest rating at NJN. We should be proud of it. But it is carrying a lot of weight. About 50,000 households watch NJN News on an average day (July 12 used for this). 98% percent of the people in New Jersey don't watch NJN News. So NJN's most watched product is not being watched by 98% of the population. NJN News is really important but we can't rely on it completely for the NJN brand because it is not sustainable. It can't carry the economic weight of NJN. For NJN to succeed we have to be equally as strong with non-news original programs.

These programs have to build the NJN brand so that it is central to New Jersey but also attractive enough to the viewers in a wider region. Only a third of the people we reach are in New Jersey. Two thirds of the people we reach by FCC license are not in New Jersey. Our revenues are in one way and our expenses are in another. The FCC requires us to serve all areas we reach. Our enabling Legislation requires us to serve New Jersey. 86% of program funding goes to News and Public Affairs. Right now it cost \$25,000 to make a daily newscast which is not that expensive. We are pretty efficient.

If we make one new half-hour of programming a week (other than News and Public Affairs), it doesn't carry the weight of the brand. Right now it is difficult to get the resources to work on new programs. The answer is build on News' successes, continue to use PBS and APT, nurture other acquisition sources Example, children's' programs from Canada), differentiate through original programs about New Jersey but we have to appeal to the entire coverage area for some programs. Build programs that repeat, they have longer values. For news, we want to appeal to that very specific New Jersey area.

Mr. Blumenthal talked about potential solutions. We need to fill about half of prime time with original New Jersey programs. Do News and Public Affairs more for a broader audience. We want to make sure that our brand is kept at a level of quality and a level of respect for the audience. We want to make sure that stays. We want to use that to build new viewers. We want to use news and public affairs to maintain our current audience and grow 10% - 30%. In order to do all that you have to have appropriate tools. You have to become much more efficient in the way we all produce and we have to reduce costs. We need to provide the staff with opportunities to excel. That's done by assigning people projects and giving them the opportunity to get the job and not pulling them in many directions. The expenses need to tie in to the revenues. We don't seem to learn this lesson because we are a State entity and we keep going back to the State for more money. We actually have to earn what we spend in order to sustain the organization with whatever help the State can give us. We have to forge partnerships with people in the community. Diversity and population are changing. We need to do more diversity programming.

Mr. Blumenthal said if we don't differential and we don't get these programs on the air there is really no reason for NJN to be here except for news and we are putting too much on news and public affairs to be able to sustain a whole organization.

Ms. Salowe Kaye asked how NJN can create new original programming in terms of cost and have enough revenue to sustain what we re already doing.

Mr. Blumenthal stated that this would be done through grants and using remnant time of staff and resources.

Ms. Salowe Kaye asked how decisions are being made regarding programming vs. marketing etc.

Mr. Blumenthal stated that they have identified several shows that could be started without spending much money using existing resources. We will use these pilots to try to generate funding. Our Marketing Director is putting together a marketing plan.

Ms. Salowe Kaye stated that given what NJN stands for, she would rather see news and public affairs items that are going to have a direct affect on New Jersey.

Ms. Manahan suggested that we work with a committee from the Board regarding this. There are many questions about NJN's mission and mandate and about funding for new shows going forward and what kind of funding could and would they attract. Also we may consider building our existing news and public affairs shows or adding new shows which is what we know is our core mission.

Mr. Blumenthal stated that the point of the presentation is that we need to build non-news programs. They have a very limited appeal.

Ms. Manahan stated that is something we should look at but not at the expense of our mission and mandate programs.

Mr. Kobler stated that he believes the answer is somewhat in the middle. Mr. Kobler stated that he enjoyed Mr. Blumenthal's presentation, he gets the value of the presentation, he enjoyed Ms. Salowe Kaye's comments, he gets the points. Everyone knows where he stands on news and resources. He personally doesn't think they are mutually exclusive thoughts. He thinks in the context of our triage right now, it makes things a little more significant than if we had robust resources but these are times when we are in extremist, while the intent is good we should also understand the perception of how the non-core mission programs be viewed in these circumstances of triage. It does denigrate Mr. Blumenthal's comments but it is a topic for discussion at another Board meeting.

## VII. FINANCE REPORT, *Sam Braun NJN Comptroller*

Mr. Braun reviewed the FY 2010 Budget. We have projected a surplus of \$76,000 based on revenues of \$18,022,000 and projected expenses of \$17,946,000. During the closing process they have discovered additional funding in the way of rebates and reimbursements for utilities, phone, postage and supplies amounting to about \$182,000 and an additional \$69,000 salary funding for merit increases and an additional EBS payment of \$90,000. The good news is that the projected surplus for FY 2010 is going to be about \$418,000.

Mr. Blumenthal thanked everyone. This is one of the most difficult years and we were able to come out ahead. Mr. Braun acknowledged the good work of Beatrice Jones and staff. We are working to ahead for the audit this year.

Mr. Braun reviewed the FY 2011 Budget. He reviewed Schedule A of the financial information. Mr. Braun stated that there are revisions in lines 7, 10 & 11 regarding Foundation underwriting. The original proposed budget there was project underwriting in there for the \$375,000 and there was no information in there for the other grants which is now being determined by the Foundation Executive Committee and the Foundation Board. So we have added notes to those lines which describes these grants and the determinations to be made by the Foundation.

Mr. Braun stated that the FY 2011 budget is showing an expected income of \$6,445,000 with expected expenses of \$9,720,000 for an approximate \$3.2 million shortfall which Treasury has indicated that they would provide that appropriation as needed when the final number is to be determined so that the Authority will be able to meet all of its obligations for the first six months ending December 31, 2010.

Mr. Braun stated that the only change is that salary expense lines will go up due to increases that occurred July 1<sup>st</sup> for union employees and those eligible for a merit increase. We expect some savings in utility costs, some overtime costs and things like that. Subject to what the final number is going to be, the State will supply the supplemental appropriation that will ensure that the six months is closed balanced.

Mr. Braun stated that they did prepare a 12 month budget. And if we were to complete the year we would be about \$7 million in the hole based on current spending lines and based on expected projections and revenues.

Mr. Braun reviewed Schedule B. This has the same information but is more of a cash flow statement. This is done on a month to month schedule. PBS programming and Nielsen are paid up front so that we can ensure that we have those services, if we go the 12 months we have front loaded those expenses. This reflects that come December there is a \$3.275 million deficit. Schedule C takes the whole thing out 12 months. That schedule at the end of June shows a \$6.9 million shortfall. This schedule also reflects the amount (to be determined) for lines 7 and 10 for the Foundation underwriting.

Ms. Manahan asked Mr. Blumenthal to comment on the zeros. There was a question asked at the Finance Committee meeting last week about those zeros.

Mr. Blumenthal stated that they diligently pursued those answers.

Mr. Jacobs stated that at last week's Finance Committee meeting this was explored at length. At first you said that the zeros were not there, then you concluded that they were a mistake and now you have notes 10 & 11 which say to be determined at a Foundation Board meeting whose date is unclear. Ms. Weyl was very clear when Mr. Jacobs pressed

if we could have numbers last Thursday. The answer was yes and no later than Friday. It's now a week later. Unless I missed an email, I don't understand how we have moved from a zero, to a mistake, to a to be determined at some date uncertain.

Ms. Weyl stated that after the PBA Finance Committee meeting they met with Mr. Braun and Fran Kopena, the Foundation Accountant and looked at the budget and looked at what was reasonable, what commitment the Foundation could make. Basically they have some figures they can share today, we sent them to the Foundation Treasurer, he is comfortable with the budget and he is going to recommend to the Executive Committee that we pledge this amount and I will walk you through it. The Foundation Board Chair is out of the country until next week. The understanding is that, after this meeting, we are going to share with the Executive Committee of the Foundation our budget which allocates funds to award to the PBA. That will be looked at by the Executive Committee next week by conference call and he will establish a time for the Foundation Board to meet and ratify the budget.

Mr. Jacobs asked when that would be. Mr. Blumenthal stated that would probably be around Labor Day because of vacations.

Mr. Jacobs stated that when we left the call on Thursday (Finance Committee meeting), you explicitly said you would have the number today or tomorrow. Now I'm hearing, I will have the number in six weeks.

Mr. Blumenthal stated that they have the number now. This number has already been blessed by the Finance Chair. The Finance Chair feels that this needs to be voted on as well. We can give you a number and you can use it as a working number and it will be blessed by the Foundation, Ms. Weyl will give a full explanation.

Ms. Weyl said based on a six month budget, when we look at what we can anticipate for a year, we anticipate raising about \$2.4 million. The expenses for the Foundation are about \$1.1 million, we will incur about \$500 in expenses that support the PBA, like dues and marketing communications. Based on that we then look at the different categories. For the Operating Grant, we are proposing to the full Board, \$250,000 and that specifically covers the cost of the Foundation being here. That has normally been \$500,000 for the year, so they will pay \$250,000. For Project Underwriting they are forecasting \$375,000. That is typically pass-through money. If they get a grant from the State Arts Council, that money goes to State of Arts, Due Process, things like that. For the General Underwriting, and that comes from major gifts, events, corporate underwriting, membership, we looked at a figure of \$150,000. That is a significant drop from past years. So we are looking at for the next six months about \$775,000 in cash to go to the PBA in addition to \$500,000 in expenses that the PBA would have had to incur if not for the Foundation. That leaves the Foundation with a surplus of about \$36,000, a small cushion. We do have a fund balance we talked about and after we pay for the pledge this is owed for this past year, Fiscal Year 2010, we have about \$525,000 in that fund balance but we are going to recommend that the Foundation reserve those monies. The Foundation has to wind down. There are costs associated with that.

Ms. Weyl stated that one of the big revenue streams is the annual benefit. That happens in May or June so one of the budget lines is events. The first six months we are estimating about \$30,000 but the big event is in the spring and this year that brought in almost \$750,000. That is a big sum that the Foundation gets at the end of the year which explains why the General Underwriting amount is less.

Ms. Weyl explained that they have some really good news about corporate underwriting. NJEA come in with a \$90,000 contract, the Fuel Merchants is coming in with \$45,000, the State Library \$7,000. A recent pledge drive just brought in about \$75,000. The expenses were about \$25,000 so we brought in around \$50,000. Some people are expressing concern about what is happening to NJN. Some contracts are 12 months, like NJ Manufacturers. It looks like they will renew for \$100,000. After six months, we would have to refund that money. The language in the contracts reflects this. There is also a problem applying for grants and showing a 12 month budget.

Ms. Weyl said the Foundation is working very hard to make sure they have a balanced budget and they have a reserve to pay for the shut-down of the Foundation. If the Foundation make more, they will be in a position to send more over.

Ms. Weyl stated for the record, when it came up about the Foundation “withholding” funds, was only a possible option and it was never voted on. What the Foundation has done in the past was to reserve money in a fund balance for contingency purposes so that if the PBA needed money, we would have those funds to award. In past years we were able to put money in a fund balance so when the PBA had a structural deficit, the Foundation were able to give supplemental grants totaling over \$3 million because of that fund balance. It had the best intentions.

Ms. Weyl stated that they heard very clearly last week that the commitment needed to show good faith and to work hard to raise money for immediate cash for these six months. She took the message back and the Foundation Treasurer is comfortable with these numbers and now we just have to meet with the Foundation Board.

Mr. Blumenthal thanked Ms. Weyl, Mr. Braun and the Foundation staff for their work rebuilding and figuring out how to accelerate payment schedules, how to make contracts more aggressive, how to build up more time and energy to support the program. A lot of the things we talked about last week, we immediately put into action. We moved some people and priorities around in order to support this because we are 100% behind this and intend to fulfill the commitment and more. But understand this is a challenging economic environment but we are going to rise above it and doing everything we can to make it work.

Mr. Kobler raised the issue of the Foundation “withholding funds” vitriolic and the emails. He thinks it’s important not to demonize the Foundation. There are different opinions. Points can be made forcefully and vigorously. They don’t need to demonize any of the people on the Foundation Board. Some of the stuff is a little unfortunate.

Mr. Kobler said it would be helpful for the Board, in approving the six month budget, to know the filtering through of those numbers. Should the budget be approved predicated on those items being inserted on those particular slots and then Dennis Baldesari has an opportunity to look at them. Does that mean our State appropriation is then netted by the amount that we wind up showing at the bottom in the parentheses or whether it gives us the opportunity to provide some additional resources if the State appropriation were that number.

Mr. Petrecca, Treasury, stated that it would lower the State's commitment. He stated that last Thursday the issue was transparency. Everybody has been working together so that on January 1<sup>st</sup> NJN will be able to move forward and prosper. The Governor's Office has shown their cards, Treasury has shown their cards, nobody has held anything back and the goal here is for everybody to show where we stand and try to work forward. That was the tone and tenor of the discussion and we are very happy that everybody is on board and trying to raise money in a difficult environment. Try to manage this change as best as possible. Not knowing what the numbers are is not good policy or open policy. Now that everyone has expressed their opinions, we just need to move forward together.

Mr. Kobler stated that with the Foundation having the \$525,000 wind down figure, the construction of the Foundation is that if it were to be wound down, all of the proceeds would go to support the network.

Mr. Blumenthal stated that there is nothing secret. He can provide all of the numbers. His hope is that there isn't a wind down and if there isn't all of that money goes to funding NJN activities in the future.

Mr. Kobler asked what is next? We are looking at a terminal December 31<sup>st</sup> date. We heard Mr. Petrecca's words about the Governor's position, the Treasurer's position in a process that will continue. We know there is a bill out there about a Commission. We are taking faith that everything is going to wind up in place. Is there anything that would be helpful for the Board in passing a half-year budget?

Ms. Manahan stated that Mr. Petrecca also brought the Board a message last week about considerations and discussions underway already in the Administration and the transitional mode for NJN. Ms. Manahan said there was discussion about possible transitional dollars for NJN moving forward and prospering. Ms. Manahan stated that this is what she continues to hear from State leaders that NJN is moving ahead and will prosper.

Mr. Petrecca stated that Treasury fully understands that when this moves forward that you can't have a zero balance. They acknowledge that moving forward there has to be some form of bridge loan or funding that has to be in place so that NJN is able to prosper and not fall apart six months later. Mr. Petrecca apologized for any misunderstanding, from the Treasurer's perspective, that has always been in place.

Mr. Kobler asked when will we know what “it” will be after January 1<sup>st</sup>?

Ms. Manahan stated that we don’t know what it will be. But certainly this is part of a process. The Executive and Legislative branches of government are at work on a process to determine NJN’s future. We are helping. The PBA has helped in that process already when on June 1<sup>st</sup> we passed the Statement of Principles and Recommendation which has been acknowledged in her discussions with State leaders. It is a very valuable asset moving forward at both the Executive and Legislative levels as the co-owners who will determine our future. In the preamble of that Statement of Principles, it clearly stated that NJN will prosper and move forward in the future. We want very much to work and be part of this process. In those conversations with the leaders that Ms. Manahan has spoken with recently and over the past few months, there has never been a question about NJN’s future. The only question that lingers is how NJN will exist in the future. And when the Administration and the Legislative Branch will create that plan and will agree to it and act on that plan to determine what form NJN will exist in the future. In the meantime, what we can do, because the Treasurer asked us in April at the Board meeting is to speak with one voice. The PBA took that very seriously. The PBA took the Statement of Principles and Recommendations very seriously. We have seen that the Legislative Task Force, that they have adopted some of those principles in the resolution that was drawn up by the Legislators. Those principles are contained in that piece of Legislation. Ms. Manahan asked everyone, the staff, both the Foundation and the PBA Board members, all of those with invested interest in NJN continue to work together as part of this process and let’s stay together.

Dr. Fiske mentioned recent emails and stated that he was rebutting verbiage that he found offensive that was directed to the Foundation which he has worked closely with. Some of the emails referenced names and he did not like that. If there was any discomfort with his response he does not apologize.

Mr. Marshall asked if the Task Force has been appointed. Ms. Manahan said The Task Force has been appointed and they will come out with a report after October 15th

Ms. Salowe Kaye said she has been approached by the Task Force. She asked what the process should be. Ms. Manahan stated that we don’t know what the process will be but if a Senator wants information or to speak with her, then she should speak with them. Ms. Manahan said that she assumes that there will be public hearings.

Ms. Manahan asked Ms. Weyl about the difference in numbers from 2010. The General Grant in 2010 is \$1.5 million and in FY 2011 it is \$150,000. That is quite a difference.

Ms. Weyl stated that one reason is the benefit. We budgeted \$750,000 for the year. The Foundation is only going to raise \$30,000 the first six months. The Foundation had to budget their budget. This is based on what they anticipate being able to raise, what they know their expenses are, then the expenses that occur for the PBA, minus that, what is left is what the Foundation can award to the PBA and have a cushion of about \$36,000.

If the Foundation raises more (at the Legacy event) then that will go over to the PBA. They want to be realistic instead of over-promising.

Ms. Salowe Kaye asked if the benefit could be moved to an earlier date. Ms. Weyl explained that it takes a lot of preparation and that cannot happen.

Mr. Kobler liked Ms. Salowe Kaye's point about the Legislator reaching out to her. These circumstances are far more extreme than what anyone of us has seen. I think as we get through the process it will be imperative that that Commission be exhaustive in its review of the materials and the input that it gets from a whole range of constituents of NJN in making a decision. Because ultimately the co-owners, the Executive and Legislature, will determine what resources are available at the State level. Each Commissioner, individually, who may have a difference of opinion, each member of the Foundation which has worked to develop a Business Plan in which there are many terrific items, that Business Plan should be reviewed with an eye as to what is good in here, really rather than a jaundice eye, the Principles that the PBA Board passed, the position of NJN employees, of organized labor, our funders in the State, people who donate to the Foundation or have contracts for services with us. Mr. Kobler's suggestion is we as a PBA Board and the Foundation as a separate organization either collectively or individually make ourselves available to whomever is out there trying to determine what we have experienced before with NJN, what the issues have been, what the important things are, what the best practices might be, what Mr. Blumenthal and teams have gone through examining. We make it clear that every level of our constituency is available, including people who want to speak individually about it. Mr. Kobler expects that this is the last chance, given the state of the Foundation and the State, this must be the ultimate view of how NJN should be structured.

Ms. Manahan said that the Board will be contacted but should take the opportunity to reach out as well.

Mr. Blumenthal stated that other considerations are the people that we serve, seniors, minorities. We need to make an extra effort to make sure that those people are heard and not just occasionally but regularly in everything that we do. We need to do this on air and off the air in meetings and public events, make sure this is not a decision made by those on high but instead made with people who we are licensed to serve.

Mr. Petrecca made a change to the budget. On line 17A the addition of a full time Human Resources Executive, that needs to be removed. Mr. Blumenthal stated that we should note that if we don't hire that person, a full time Human Resources person would be provided by State government to live on premises here at NJN so that we can all cope with the employee relations issues and HR issues which really occupy much of our lives, There's an awful lot of people spending an awful lot of time crying here. We need the help desperately. A very formal request to State government, that if you are not going to provide the money, please provide a full time on premises HR person who can work with the Executive team and work with employees to be able to work through a difficult period.

Mr. Kobler asked if the budget was modified per the report from Ms. Weyl. Mr. Blumenthal said no the paperwork has not caught up with the conversations with the Finance Chair of the Foundation, but it will.

Mr. Kobler asked how we proceed. Ms. Manocchio-Nason said if the Board proceeds in passing this budget it would have to be contingent upon the numbers that were presented to the Board here being approved by the Foundation. Ms. Manocchio-Nason said she would assume that we would also want to amend the line item 17A to delete the numbers there in the dollar amount. Do you want to proceed in adopting the final budget without having the final Foundation numbers? Do you want to include the numbers that Ms. Weyl presented? Mr. Petrecca said yes. Ms. Nason suggested that someone mark up a budget to reflect those numbers.

Mr. Marshal said it should reflect the \$750,000 which Ms. Weyl mentioned and then delete the \$124 which the State won't pay (HR Executive).

Ms. Manocchio-Nason said the resolution would approve the marked up budget as revised. Mr. Blumenthal said that this should have the provision that the Foundation Board would meet to firm up the number. Right now this is still a provisional number without an approval from the Foundation.

Ms. Manocchio-Nason said this can be done contingent upon the Foundation's approval of their budget. She would recommend putting the numbers in because that was what was presented to the Board.

Ms. Salowe Kaye said that there were some emails indicating that that approval might not be happening. Mr. Kobler said he would be surprised if the Foundation did not approve that and he thought the Board could rely on Ms. Weyl's numbers. He wasn't part of the discussion but he hasn't seen any evidence that it would be anything other than what Ms. Weyl said.

Mr. Blumenthal stated that he, Ms. Weyl and Mr. Baldesari were on the phone together. The intention is to put this through with the numbers that we talked about. Mr. Baldesari is in support of that but feels that he needs to go through another step or two with the Board for his own fiduciary responsibility. Ms. Weyl, Mr. Blumenthal, Mr. Braun and Mr. Baldesari are all comfortable with these numbers. Mr. Blumenthal didn't think the numbers would change but he could not guarantee that because he is beholden to a Board.

Mr. Kobler made a motion based on Ms. Manocchio-Nason recommendations that Fiscal Year 2011 Budget be adopted with the mark ups that Mr. Jones stated that will go into the budget so that the budget is reflective of the Foundation grant this year and get that issue behind us.

Ms. Manahan asked if this should be worded in the motion that we are moving a resolution approving the Fiscal Year 2011 Six Month Budget as revised and contingent upon the Foundation budget and their promise to move the funds.

Ms. Manocchio-Nason said we should have two resolutions. First resolution should approve the Budget as revised reflecting the proposed Foundation grant amounts subject to the Foundation's Board adopting those amounts. And then a second resolution which the Board of the Authority would recommend to the Foundation that it make the grants in the amounts specified \$750,000 for a six month period.

**RESOLUTION APPROVING THE FISCAL YEAR 2011 BUDGET FOR THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

**WHEREAS**, the New Jersey Public Broadcasting Authority (the "Authority") was created pursuant to the New Jersey Public Broadcasting Authority Act of 1968, L. 1968, c. 405, as amended (N.J.S.A. 48:23-1 et seq.)(the "Act");

**WHEREAS**, pursuant to Section 1 of Article VI of the By-Laws duly adopted by the Authority on December 2, 1992, as amended (the "By-Laws"), the Commissioners of the Authority are required to approve the annual budget of the Authority; and

**WHEREAS**, pursuant to Section 2 of Article V of the By-Laws, the Finance and Budget Committee recommends approval of the Fiscal Year 2011 six months Budget from July 1, 2010 to December 31, 2010 of the Authority (the "FY2011 Budget") attached hereto as Exhibit A, authorizing a total expenditure of \$9,664,000 by the Authority during the course of the FY 2011 six month budget; and

**WHEREAS**, the Finance and Budget Committee would reconvene to recommend approval by the Authority of a budget for the second six months of Fiscal Year 2011 commencing January 1, 2011 and ending June 30, 2011 if so required;

**WHEREAS**, the Commissioners of the Authority hereby recommend to the Trustees of the Foundation for New Jersey Public Broadcasting Authority, Inc. (the "Foundation"), that the Foundation's Fiscal Year 2011 six month Budget commencing July 1, 2010 and ending December 31, 2010 include General Grants to the Authority of \$400,000 and Project Underwriting grants of \$375,000 to be used for the purpose of supporting and promoting the New Jersey Public Broadcasting Authority.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY AS FOLLOWS:**

1. The Commissioners of the Authority hereby approve the FY2011 six month Budget commencing July 1, 2010 and ending December 31, 2010 of the Authority, as set forth in Exhibit A attached hereto and hereby authorize the Executive Director of the Authority to take all actions necessary to implement the FY2011 six months ending December 31, 2010 Budget.

2. The Commissioners of the Authority hereby authorize the Executive Director to transmit the Commissioners' recommendations set forth above to the Foundation.

3. This resolution shall take effect immediately in accordance with the Act.

Mr. Kobler made a motion to approve the resolution of the adoption of the budget reflective of the numbers. Mr. Braun said the total revenue number would be \$6,845,000 and the total expenses would be \$9,664,000 and the estimated short fall would be \$2,819,000.

Mr. Jacobs asked how the Board can approve a contingent budget. Mr. Kobler said he felt it was the appropriate thing to do to get this issue behind us. If the process didn't work or the dollars change, then the PBA Board would reconvene and re-examine the issue. Mr. Kobler said that the budget does factor in that deliverable.

Mr. Jacobs seconded the motion. The motion approving the FY 2011 as stated above was approved unanimously.

Mr. Kobler made a motion to approve a resolution recommending to the Foundation that they approve grants to the PBA Authority in the amount of \$775,000. Ms. DeCroke seconded the motion. The motion was approved unanimously.

Ms. Manahan thanked Ms. Weyl for her explanation and our colleagues on the Foundation for all of their hard work on this.

VIII. RESOLUTION APPROVING THE SELECTION OF THE AUDIT FIRM  
FOR FY 2010 AND SIX MONTH PERIOD OF JULY 1, 2010 THROUGH  
DECEMBER 31, 2010

**RESOLUTION OF THE APPROVING THE SELECTION OF MERCADIEN,  
P.C., PRINCETON, NEW JERSEY TO PROVIDE AUDITING SERVICES TO  
THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

**WHEREAS**, the New Jersey Public Broadcasting Authority (the "Authority") was created pursuant to the New Jersey Public Broadcasting Authority Act of 1968, L. 1968, c. 405, as amended (N.J.S.A. 48:23-1 et seq.)(the "Act");

**WHEREAS**, the Authority is constituted as an instrumentality of the State exercising public and essential governmental functions; and

**WHEREAS**, the evaluation committee established pursuant to Executive Order No. 122 (McGreevey 2004) consisted of Kent Manahan, Chair of the Authority, Ellen Karcher, Commissioner of the Authority, and Andrea Cummis, Commissioner of the Authority; and

**WHEREAS**, the evaluation committee evaluated the four (4) responses to the Request for Proposals for Auditing Services issued by the Authority on May 3, 2010 (the “RFP”) in order to procure independent auditing services with respect to the Authority’s audit for Fiscal Year 2010; and

**WHEREAS**, the evaluation committee recommended the selection of Mercadien, P.C., Princeton, New Jersey, to provide auditing services to the Authority for Fiscal Year 2010; and

**WHEREAS**, the Audit Committee of the Authority, consisting of Scott Kobler, Commissioner of the Authority, Marshall Jones, Commissioner of the Authority, Stephanie Hoopes Halpin, Commissioner of the Authority and Steven Petrecca, Assistant State Treasurer met on July 2, 2010 to review the findings of the evaluation committee and the Audit Committee recommends the approval of Mercadien, P.C., Princeton, New Jersey, to provide auditing services to the Authority by the Commissioners of the Authority; and

**WHEREAS**, the Authority has determined that it would be in the best interest of the Authority to appoint the firm of Mercadien, P.C., Princeton, New Jersey, to serve as the Authority’s Auditor under the terms and conditions set forth in this Resolution, the RFP and the proposal received from the firm of Mercadien, P.C., Princeton, New Jersey (the “Proposal”) attached hereto as Exhibit A;

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY AS FOLLOWS:**

1. The Authority hereby authorizes and approves the appointment of the firm of Mercadien, P.C., Princeton, New Jersey to serve as the Authority’s Auditor for Fiscal Year 2010, commencing on the date of adoption of this Resolution and ending with the delivery and acceptance of the audit of the Authority for Fiscal Year 2010, for a total contract price not to exceed \$21,094 and subject to the terms and conditions set forth in this Resolution, the RFP and the Proposal.
2. The Authority hereby authorizes the Interim Executive Director and the Controller to take and do any and all acts and things as may be necessary or desirable to effectuate the appointment of Mercadien, P.C., Princeton, New Jersey to serve as the Authority’s Auditor.
3. This Resolution shall take effect upon adoption in accordance with the Act.

ADOPTED: July 28, 2010

Mr. Jacobs made a motion to approve the Resolution approving the selection of the audit firm for FY 2010 for the six month period of July 1, 2010 through December 31, 2010. Mr. Petrecca seconded the motion. Mr. Petrecca asked if other audit firms were considered. Ms. Manahan said yes, that was part of the process. Mr. Blumenthal asked if everyone was fairly evaluated and this was a reasonable decision. The motion was approved unanimously. Ms. Manahan stated that the audit firm selected is Mercadien.

#### IX. UPDATE ON EBS LEASES- MONTCLAIR AND CORBIN CITY

Ms. Selinger stated that the Authority holds five Educational Broadband Service licenses. The FCC has repurposed a portion of these frequencies. This past year we leased three of these licenses to Clearwire for 30 years. This generated a one time payment and subsequent monthly payments. These leases date back to 1996 and were in the geographic areas of Philadelphia, Trenton and Warren. There are two additional EBS licenses that have never been leased. They are in Montclair and Corbin City. We have begun a competitive bidding process. We have worked with the State to do two RFP's. The closing date for the RFP's is August 23<sup>rd</sup>. An award date will be set up after the closing. We will then come back to the Board for approval for what would be a 30 year lease for use. They offer service to 3.3 million people. The last market value was done in 2009. It would cost between \$2300 and \$4000 to get a revised analysis. Because the RFP's are out, it would not be appropriate to discuss their worth.

Ms. Manahan reminded all Board members to please complete the Ethics Training which is due by August 20<sup>th</sup>. Mr. Jones stated that it is a \$50 a day fine if this is not completed on time.

#### X. PUBLIC COMMENT

Eileen Mastrogiovanni asked about the Foundation budget. Ms. Weyl explained that they expect to raise \$2.4 million in revenue. It will cost about \$1.1 for expenses to raise the money, \$500,000 in expenses that the PBA would have to incur. After all of that it is \$811,000 for six months. That is the amount that the Foundation has to work with to award the cash grant to the PBA. The Foundation has 19 employees.

Ms. Matrogiovanni asked Mr. Blair how many people work in Media Productions, what is the revenue is for six months. Mr. Blair answered 7 people, revenue is \$600,000 and the net is about \$150,000.

Ms. Spira asked about the status of the Johnson grant. Mr. Blumenthal stated that no information has come through. They greatly reduced the amount of the grant. Ms. Manahan said this originated when she was Executive Director and it was for an enormous amount of money so it is expected to be reduced and it always takes a very long time. Ms. Weyl stated that they said they don't want to support operations, they want to support digital infrastructure. We came up with a \$5 million ask and we are still waiting to hear from them. Mr. Blumenthal stated that is unlikely that significant grants

will be given to an organization that doesn't have a 12 month budget. We will continue to pursue these opportunities but we have to be realistic what the requirements for these grants are throughout the industry. A 12 month budget is a standard operating procedure.

Ms. Spira asked about front-loading the Nielsen "just in case". Mr. Blumenthal stated that if we terminate it, it will cost more. We are currently in negotiations with them. We currently pay \$22,000 a month. Ms. Spira stated that MIND TV doesn't use them. Mr. Blumenthal stated that MIND TV cancelled this service a few years ago but they are vastly different. The Neilsens data was used for today's report. Most of NJN's ratings are "1". Ms. Manahan said their rating system is not favorable to PBS viewers. Mr. Blumenthal stated that our underwriters count on that information and he feels the investment is worth it.

Ms. Brenda Scott talked about the recent emails regarding the Foundation. She stated that perception is unfortunate sometimes. She does not apologize for the perception that she has had that came through in the letter that the union put out. Ms. Scott stated that she has been asking for a public meeting for everyone to hash it out and for the Trustees to see what NJN staff does.

Mr. Blumenthal asked if it was possible to get the Boards and the staff in a room together to make things better. Ms. Manahan stated that she has asked people to work together. We can talk about this.

## XI. ADJOURNMENT

Ms. Salowe Kaye made a motion to adjourn the meeting at 1:50 PM. Mr. Jones seconded the motion. The motion was approved unanimously.

